

Message Text

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ACTION EUR-25

INFO OCT-01 ADP-00 CIAE-00 DODE-00 PM-09 H-02 INR-10 L-03

NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15 USIA-12 EB-11

OMB-01 TRSE-00 SCEM-02 INT-08 GAC-01 COME-00 RSR-01

STR-08 CIEP-02 /126 W

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R 161620 Z MAY 73

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 1228

UNCLAS SECTION 01 OF 02 LONDON 05738

E. O. 11652: N/A

TAGS: ENRG, UK

SUBJECT: NORTH SEA OIL: FORMATION OF OIL DEVELOPMENT
COUNCIL FOR SCOTLAND

1. PRIME MINISTER HEATH ANNOUNCED MAY 12 AT THE SCOTTISH CONSERVATIVE PARTY CONFERENCE THE FORMATION OF THE OIL DEVELOPMENT COUNCIL FOR SCOTLAND TO BE CHAIRED BY LORD POLWARTH, MINISTER OF STATE, SCOTTISH OFFICE. HE WILL BE SUPPORTED BY WHAT THE PRIME MINISTER CALLED A " TASK FORCE" OF OFFICIALS FROM GOVERNMENT DEPARTMENTS MOST CONCERNED WITH NORTH SEA ACTIVITY. MR. HEATH NOTED IT WAS UP TO SCOTTISH INDUSTRY TO ADAPT TO A DEVELOPMENT WHICH REQUIRED A SCALE OF THINKING AND ACTION " MORE IN LINE WITH A VAST WARTIME OPERATION."

2. LORD POLWARTH REPORTEDLY REGARDS HIS TASK FORCE AS " A BIT MORE THAN AN INTERDEPARTMENTAL COMMITTEE" AND AS A STRENGTHENING OF EXISTING SCOTTISH OFFICE MACHINERY. UNTIL NOW THIS INCLUDED THE CIVIL SERVICE SCOTTISH ECONOMIC PLANNING BOARD, WHOSE MEMBERS WERE THE HEADS OF ALL UK DEPARTMENTS OPERATING IN SCOTLAND, THE NORTH SEA OIL DEVELOPMENT COMMITTEE, ACTING AS A
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SUB- COMMITTEE OF THE BOARD, AND THE NORTH SEA OIL

STANDING CONFERENCE, WHICH COMPRISED ALL COASTAL PLANNING AUTHORITIES.

3. LORD POLWARTH'S APPOINTMENT WAS GREETED WITH CAUTIOUS APPROVAL IN SCOTLAND. FORMER LIBERAL PARTY LEADER JO GRIMOND, MP FOR ORKNEY AND SHETLAND, LISTED THREE VITAL TASKS FOR LORD POLWARTH: SURVEYING WHERE RIG- BUILDING, AIRPORTS AND REFINERIES SHOULD BE SITED; KEEPING A CONTINUING CHECK ON PROPOSED DEVELOPMENTS; AND MAKING RELIABLE INFORMATION AVAILABLE TO THE PUBLIC. THE SCOTTISH SECRETARY OF THE CONFEDERATION OF BRITISH INDUSTRY, MR. HAMISH GRANT, COMMENTED THAT FOR THE MOMENT THE NEW ARRANGEMENT WAS TOO VAGUE. THE EXECUTIVE VICE- PRESIDENT OF THE SCOTTISH COUNCIL (DEVELOPMENT AND INDUSTRY), DR. WILLIAM ROBERTSON, SAID THE NEW MACHINERY WOULD BE WARMLY WELCOMED IF BACKED UP WITH THE NECESSARY RESOURCES.

4. A BRIEF FINANCIAL TIMES ARTICLE OF MAY 13 CHARAC- TERIZED LORD POLWARTH AS A MAN WITH A WEALTH OF PRESSURE GROUP EXPERIENCE BEHIND HIM BUT NOTED THAT THE NEW COUNCIL HAS NOT BEEN GIVEN THE KIND OF TEETH MANY CRITICS OF THE GOVERNMENT'S OIL POLICY WANTED. IT RESERVED JUDGEMENT ABOUT WHETHER POLWARTH CAN MAKE THE NEW COUNCIL INTO THE KIND OF INFLUENTIAL BODY HE WOULD LIKE DESPITE BOTH A PLANNING ROLE (WITH ACCESS TO DTI'S PLANNING OPERATIONS) AND AN ADVISORY ROLE (TALKING TO VARIOUS INTERESTS AS DEVELOPMENT PROCEEDS).

5. A GUARDIAN EDITORIAL OF MAY 14 WAS SOMEWHAT SKEPTICAL BUT APPROVING. IT OBSERVED THIS LATEST AD HOC APPOINTMENT (EACH ONE COMING AFTER REVELATION OF A GOVERNMENTAL FAILURE) APPEARS TO MAKE GOOD SENSE. THE

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TO SECSTATE WASHDC 1229

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GUARDIAN NOTED THAT POLWARTH KNOWS SCOTTISH INDUSTRY, IS TO HAVE DIRECT ACCESS TO THE PRIME MINISTER AND, IF ALLOWED TO, CAN KNIT TOGETHER THE DIVERGENT NEEDS OF THE OIL COMPANIES, THE ENGINEERING AND CONSTRUCTION INDUSTRY IN ENGLAND AND SCOTLAND, THE OIL PROCESSING INDUSTRY AND THE PEOPLE IN THE NORTH. AT THE SAME TIME, THE GUARDIAN WONDERED WHETHER POLWARTH WOULD BE GIVEN THE REQUISITE AUTHORITY OVER RELEVANT SECTIONS OF THE DEPARTMENT OF TRADE AND INDUSTRY AND WOULD BE COMOLACENT ABOUT CONSERVATION OF THE SCOTTISH COAST.

6. A SUBSEQUENT FINANCIAL TIMES EDITORIAL OF MAY 14 OBSERVED THAT IF THE PRIME MINISTER WAS HOPING BY POLWARTH' S APPOINTMENT TO ALLAY SOME OF THE WIDER POLITICAL ANXIETIES THE DISCOVERY OF OIL HAS BEEN GENERATING IN SCOTLAND, THEN HE IS LIKELY TO BE UNSUCCESSFUL. THE SCOTTISH ECONOMY IS NOT BENEFITTING AS MUCH, OR AS WIDELY, AS WAS HOPED AND THE INITIAL NEAR EUPHORIA HAS GIVEN WAY TO DISAPPOINTMENT. SCOTTISH NATIONALISTIC SENTIMENT NOW FEELS THAT SCOTTISH OIL SHOULD BE USED FOR THE EXCLUSIVE BENEFIT OF SCOTLAND. MOREOVER, THERE IS THE CONFLICTING DEEPLY FELT PUBLIC
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CONCERN AT THE PROBABLE IMPACT OF A MUSHROOMING OIL INDUSTRY ON THE LOCAL ECONOMY AND ENVIRONMENT. THE FINANCIAL TIMES STATED THAT IT IS EVIDENT THAT THE GOVERNMENT HAS NO INTENTION OF TRYING TO MOLLIFY ALL THESE SOMEWHAT CONTRADICTORY REACTIONS AND HAS CLEARLY OPTED FOR RAPID EXPLOITATION OF THE NORTH SEA OIL IN THE INTEREST OF THE UK AS A WHOLE. BUT THIS POLICY DOES NOT PRECLUDE PAYING THE CLOSEST ATTENTION TO THE ENVIRONMENT OR LONG TERMPROMOTION OF INDIGENOUS EXPERIENCE AND SKILLS IN OFFSHORE OIL PRODUCTION.

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